

Operation Rubber Stamp: Major health care fraud investigation results in significant new charges

Takedown involves first billion-dollar fraud case in district history



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From left: Peter M. McCoy, U.S. Attorney, District of South Carolina; Bobby L. Christine, U.S. Attorney, Southern District of Georgia; Glen Kessler, Resident Agent in Charge, U.S. Secret Service Savannah Office; Will Clarke, Supervisory Special Agent, FBI Savannah Office; Douglas Dye, Special Agent, FBI; and Jonathan Porter, Assistant U.S. Attorney, Southern District of Georgia.

SAVANNAH, GA: The third in a nationwide series of telemedicine fraud prosecutions includes cases in the Southern District of Georgia identifying more than \$1.5 billion in fraudulent billings to government healthcare insurance programs.

The takedown – dubbed Operation Rubber Stamp, and following two similar nationwide Department of Justice initiatives in 2019 – brings prosecution totals up to 30 defendants now charged in the Southern District of Georgia, said Bobby L. Christine, U.S. Attorney for the Southern District of Georgia. The cases were announced in a joint news conference with District of South Carolina U.S. Attorney Peter M. McCoy.

At its core, this criminal network targeted by these investigations involves individuals and companies that collect patient data and sell it to one or more durable medical equipment (DME) suppliers, pharmacies, or labs. Patients often were lured into the scheme by an international telemarketing network and the co-conspirators promise of often inappropriate durable medical equipment, test results, and medication misled patients and delayed their chance to seek appropriate treatment for medical complaints. As part of these schemes, defendant telemedicine executives allegedly paid doctors and nurse practitioners to order unnecessary durable medical equipment, genetic and other diagnostic testing, and pain medications, either without any patient interaction or with only a brief telephonic conversation with patients they had never met or seen. Durable medical equipment companies, genetic testing laboratories, and pharmacies then purchased those orders in exchange for illegal kickbacks and bribes and submitted false and fraudulent claims to Medicare and other government insurers.

“This coordinated, deliberate and methodical series of investigations and prosecutions in the Southern District represents an ongoing, exhaustive team effort with our law enforcement partners to protect the taxpayers’ safety net programs from fraud and theft,” said U.S. Attorney Christine. “The warning should now be abundantly clear: Unscrupulous providers will find themselves in hot water if they attempt to illegally enrich themselves from these programs.”

Charges announced today include those against a former compliance officer for a company that facilitated more than \$1 billion in fraudulent durable medical equipment billings to the Medicare program and other health benefit programs. Cases brought by the Southern District of Georgia team include prosecutions of Georgia medical professionals, marketers, and telemedicine companies who caused millions in fraudulent claims, including:

- An indictment charging **Sherley Leon Beaufile**, a Georgia nurse practitioner, for Conspiracy to Commit Wire and Health Care Fraud; five counts of Health Care Fraud; five counts of False Statements Related to Health Care; and one count of False Statements. Beaufile is alleged to have facilitated orders for more than 3,000 orthotic braces that generated more than \$3 million in fraudulent or excessive charges to Medicare.

- An Information charging **Toni De Lanoy**, the former compliance officer of one of the more prolific facilitators of the overall conspiracy, with Conspiracy to Commit Health Care Fraud. As alleged in the Information, the defendant and her employer provided access to an extensive digital platform that processed more than \$1 billion in fraudulent or excessive orders for durable medical equipment billed to Medicare, Medicaid, and others.

“Telemedicine has become a valuable tool for delivering health services in this time of pandemic. However, bad actors are abusing these tools to commit health care fraud,” said Derrick L. Jackson, Special Agent in Charge for the Office of Inspector General of the U.S. Department of Health and Human Services. “When marketing and so-called telehealth services are misused, alleged violators can expect aggressive investigation and swift prosecution.”

“Fraudulent billing schemes cost every taxpayer and our healthcare system, and when it targets programs like Medicare that assist the elderly and poor, it potentially threatens their health care needs,” said Chris Hacker, Special Agent in Charge of FBI Atlanta. “Our partnerships within law enforcement are so important in uncovering such abuse by individuals driven by thoughtless greed and we remain determined to expose it.”

“Cases of this magnitude can only be tackled using a strategy that recognizes that the most effective way to fight these large criminal networks is by combining the strengths, resources, and expertise of our federal agencies,” said Resident Agent in Charge Glen M. Kessler, U.S. Secret Service. “Our nation’s healthcare system cannot tolerate kickbacks to physicians and pharmacies while criminals line their pockets with taxpayer-funded healthcare dollars.”

The most recent takedown – dubbed Operation Rubber Stamp, and following two similar nationwide Department of Justice initiatives in 2019 – brings prosecution totals up to 30 defendants now charged in the Southern District of Georgia. Across the nation, the most recent takedown brings the total charges and guilty pleas in 19 judicial districts involving the submission of over \$4.5 billion in false billings from fraudulent telemedicine schemes for 86 criminal defendants.

Defendants include telemedicine executives, more than two dozen licensed medical professionals, marketers, and the owners of durable medical equipment (DME) companies, genetic testing laboratories, and pharmacies. As part of the takedown, guilty pleas by more than 30 individuals will be entered or unsealed, including those by more than a dozen medical professionals.

In conjunction with the takedown, the Centers for Medicare and Medicaid Services/Center for Program Integrity separately took the largest number of adverse administrative actions resulting from a single administrative health care fraud investigative initiative in history in revoking the Medicare billing privileges of over 250 additional medical professionals for their involvement in telemedicine schemes.

Criminal indictments and informations contain only charges; defendants are presumed innocent unless and until proven guilty.

The cases brought today in the Southern District of Georgia are part of the joint FBI and HHS Operation Rubber Stamp and the 2020 telemedicine takedown, coordinated by the recently-announced National Rapid Response Strikeforce of the Health Care Fraud Unit of the Criminal Division Fraud Section of the U.S. Department of Justice, led by Assistant Chief Jacob Foster and Trial Attorney Catherine Wagner.

The cases were investigated by the U.S. Department of Health and Human Services Office of Inspector General; the FBI; and the U.S. Secret Service. The cases were prosecuted by Assistant U.S. Attorneys J. Thomas Clarkson and Jonathan Porter in the Southern District of Georgia and Assistant U.S. Attorneys Jim May, Derek A. Shoemaker, and Will Lewis in the District of South Carolina.